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**LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED
GOVERNMENT OF LAFAYETTE, LOUISIANA**

ANNUAL FINANCIAL REPORT

DECEMBER 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/13/99

LAFAYETTE REGIONAL AIRPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Lafayette Airport Commission
Lafayette, Louisiana

We have audited the accompanying general purpose financial statements and the individual fund financial statements of Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of December 31, 1998, and for the year then ended. These financial statements are the responsibility of the Lafayette Regional Airport management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audits in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations, and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. Lafayette Regional Airport has included such disclosures in Note M. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support Lafayette Regional Airport's disclosures with respect to the year 2000 issue made in Note M. Further, we do not provide assurance that Lafayette Regional Airport is or will be year 2000 ready, that Lafayette Regional Airport's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Lafayette Regional Airport does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general-purpose financial statements referred above present fairly, in all material respects, the financial position of Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of December 31, 1998, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the

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combining and individual fund and account group financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of each of the individual funds and account groups of Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of December 31, 1998, and the results of operations of such funds and the cash flows of individual proprietary fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 8, 1999, on our consideration of the Lafayette Regional Airport's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the component unit financial statements. Such information has been subjected to the auditing procedures applied in the audits of the component unit financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Wright, Moore, DeHart,
Dupuis, & Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON
Lafayette, Louisiana

March 8, 1999

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES
DECEMBER 31, 1998
WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 1997

	<u>GOVERNMENTAL</u> <u>FUND TYPE</u>	<u>PROPRIETARY</u> <u>FUND TYPE</u>	<u>TOTALS</u> <u>MEMORANDUM ONLY</u>	
	<u>GENERAL</u>	<u>ENTERPRISE</u>	<u>1998</u>	<u>1997</u>
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 1,775,308	\$ 1,775,308	\$ 1,672,623
Investments	-	1,100,000	1,100,000	900,000
Accounts Receivable	-	161,696	161,696	169,831
Other Receivables	-	15,015	15,015	35,850
Ad Valorem Tax Receivable	311,434	-	311,434	255,882
Due From Lafayette Parish Sheriff's Office	370,367	-	370,367	446,129
Due From Other Funds	-	640,348	640,348	654,096
Passenger Facility Charge Receivable	-	-	-	47,964
Grant Funds Receivable	-	480,057	480,057	233,586
Prepays	-	46,482	46,482	49,440
Restricted Assets	-	257,433	257,433	125,674
Property and Equipment (Net)	-	31,133,517	31,133,517	28,486,964
Deposits	-	2,497	2,497	2,497
Unamortized Debt Expense	-	7,041	7,041	15,320
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 TOTAL ASSETS	 <u>\$681,801</u>	 <u>\$35,619,394</u>	 <u>\$36,301,195</u>	 <u>\$33,095,856</u>

The Accompanying Notes are an Integral Part of These Statements

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES
DECEMBER 31, 1998
WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 1997

	<u>GOVERNMENTAL</u> <u>FUND TYPE</u>	<u>PROPRIETARY</u> <u>FUND TYPE</u>	<u>TOTALS</u> <u>MEMORANDUM ONLY</u>	
	<u>GENERAL</u>	<u>ENTERPRISE</u>	<u>1998</u>	<u>1997</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ -	\$ 851,743	\$ 851,743	\$ 265,816
Accrued Expenses	-	48,997	48,997	47,176
Assessor's Pension Payable	-	-	-	25,933
Deferred Tax Revenue	41,453	-	41,453	47,915
Due To Other Funds	640,348	-	640,348	654,096
Security Deposits	-	13,644	13,644	20,646
Accrued Interest Payable	-	10,738	10,738	17,741
Certificate of Indebtedness (Net)	-	719,149	719,149	1,049,104
Capital Lease Obligations	-	403,631	403,631	481,241
Accrued Compensated Absences	-	36,305	36,305	33,851
	<u>681,801</u>	<u>2,084,207</u>	<u>2,766,008</u>	<u>2,643,519</u>
FUND EQUITY				
Contributed Capital	-	21,195,734	21,195,734	19,513,227
Retained Earnings				
Reserved for PFC Projects	-	1,712,925	1,712,925	1,192,208
Unreserved	-	10,626,528	10,626,528	9,746,902
	<u>-</u>	<u>33,535,187</u>	<u>33,535,187</u>	<u>30,452,337</u>
TOTAL FUND EQUITY	<u>-</u>	<u>33,535,187</u>	<u>33,535,187</u>	<u>30,452,337</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$681,801</u>	<u>\$35,619,394</u>	<u>\$36,301,195</u>	<u>\$33,095,856</u>

The Accompanying Notes are an Integral Part of These Statements

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
REVENUE		
Ad Valorem Tax	\$ 827,704	\$775,894
State Revenue Sharing	<u> -</u>	<u> 41,532</u>
Total Revenues	<u>827,704</u>	<u>817,426</u>
OTHER FINANCING USES		
Transfers to Proprietary Fund	<u>(827,704)</u>	<u>(817,426)</u>
Total Other Financing Uses	<u>(827,704)</u>	<u>(817,426)</u>
EXCESS OF REVENUES OVER OTHER FINANCING USES	-	-
FUND BALANCE, BEGINNING	<u> -</u>	<u> -</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>

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LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1998
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 1997

	<u>BUDGET</u>	<u>1998 ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)	<u>1997 ACTUAL</u>
REVENUE				
Ad Valorem Tax	\$715,000	\$827,704	\$112,704	\$775,894
State Revenue Sharing	-	-	-	41,532
Total Revenues	<u>715,000</u>	<u>827,704</u>	<u>112,704</u>	<u>817,426</u>
OTHER FINANCING USES				
Transfer of O & M Funds to Proprietary Fund	<u>715,000</u>	<u>827,704</u>	<u>112,704</u>	<u>817,426</u>
Total Other Financing Uses	<u>715,000</u>	<u>827,704</u>	<u>112,704</u>	<u>817,426</u>
EXCESS OF REVENUES OVER OTHER FINANCING USES	-	-	-	-
FUND BALANCE, BEGINNING	-	-	-	-
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Accompanying Notes are an Integral Part of These Statements

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

COMPARATIVE STATEMENT OF REVENUES & EXPENSES
PROPRIETARY FUND
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
OPERATING REVENUES		
Rentals	\$2,181,148	\$2,087,441
Commissions	62,809	64,965
Landing Fees	267,338	233,696
Parking Tolls	730,020	678,689
Passenger Facility Charges	520,717	592,923
Miscellaneous	<u>26,442</u>	<u>21,186</u>
Total Operating Revenues	<u>3,788,474</u>	<u>3,678,900</u>
OPERATING EXPENSES		
Salaries and Costs of Employment	562,082	507,874
Supplies	26,473	21,349
Other Services and Charges	1,878,806	1,806,841
Depreciation	1,883,915	2,164,795
Amortization	<u>8,279</u>	<u>12,239</u>
Total Operating Expenses	<u>4,359,555</u>	<u>4,513,098</u>
OPERATING LOSS	<u>(571,081)</u>	<u>(834,198)</u>
NON-OPERATING REVENUES (EXPENSES)		
Transfers From General Fund	827,704	817,426
Interest Income	110,576	92,602
Subrogation refund	30,004	-
Interest Expense	(114,377)	(165,011)
Assessor's Pension	(27,784)	(25,933)
Penalties	(1,142)	-
Escrow Charges	<u>(2,625)</u>	<u>(5,234)</u>
Total Non-Operating Revenues (Expenses)	<u>822,356</u>	<u>713,850</u>
NET INCOME (LOSS)	251,275	(120,348)
Add depreciation on fixed assets acquired by grants restricted for capital acquisitions and construction that reduces contributed capital	<u>1,149,068</u>	<u>1,174,510</u>
INCREASE IN RETAINED EARNINGS	<u>\$1,400,343</u>	<u>\$1,054,162</u>

The Accompanying Notes are an Integral Part of These Statements

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

STATEMENT OF FUND EQUITY
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1998
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 1997

	<u>CONTRIBUTED CAPITAL</u>	<u>RETAINED EARNINGS RESERVED</u>
Beginning Balances	\$19,513,227	\$ 1,192,208
Increase in Retained Earnings	-	-
Funds Received From State and Local Governments For Capital Outlay	1,869,589	-
Funds Received From Federal Capital Grants	961,986	-
Net PFC Income	-	520,717
Depreciation of Contributed Assets	<u>(1,149,068)</u>	<u>-</u>
ENDING BALANCES	<u>\$21,195,734</u>	<u>\$1,712,925</u>

The Accompanying Notes are an Integral Part of These Statements

RETAINED EARNINGS UNRESERVED	TOTALS	
	<u>1998</u>	<u>1997</u>
\$ 9,746,902	\$30,452,337	\$29,565,129
1,400,343	1,400,343	1,054,162
-	1,869,589	100,610
-	961,986	906,946
(520,717)	-	-
<u>-</u>	<u>(1,149,068)</u>	<u>(1,174,510)</u>
<u>\$10,626,528</u>	<u>\$33,535,187</u>	<u>\$30,452,337</u>

The Accompanying Notes are an Integral Part of These Statements

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

COMPARATIVE STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (571,081)	\$ (834,198)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	1,883,915	2,164,795
Amortization	8,279	12,238
Changes in Assets and Liabilities:		
Accounts Receivable	8,135	(3,807)
Other Receivable	35,850	(35,850)
Passenger Facility Charge Receivable	47,964	3,885
Prepays	2,958	1,991
Deposits	-	(600)
Accounts Payable	585,927	(17,594)
Accrued Expenses	1,821	(2,190)
Construction Contracts Payable	-	(11,541)
Security Deposits	(7,002)	(14,995)
Accrued Compensated Absences	2,454	(655)
Net Cash Provided by Operating Activities	<u>1,999,220</u>	<u>1,261,479</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investment Securities	(200,470)	(488,725)
Maturity of Investment Securities	-	509,994
Investment Interest Received	<u>91,326</u>	<u>90,918</u>
Net Cash Provided by (Used in) Investing Activities	<u>(109,144)</u>	<u>112,187</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers From General Fund	841,452	783,266
Payments for Assessor's Pension	<u>(53,717)</u>	<u>(24,762)</u>
Total Cash Provided by Noncapital Financing Activities	<u>787,735</u>	<u>758,504</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES		
Capital Grants Received	2,585,104	823,523
Acquisition and Construction of Fixed Assets	(4,530,468)	(1,301,593)
Principal Payments on Certificates of Indebtedness	(329,955)	(561,078)
Principal Payments on Capital Lease Obligations	(77,610)	(71,201)
Subrogation Refund Received	30,004	-
Penalties Paid	(1,142)	-
Escrow Charges	(2,625)	(5,234)
Interest Paid	<u>(121,380)</u>	<u>(170,597)</u>
Net Cash Used in Capital and Financing Activities	<u>\$ (2,448,072)</u>	<u>\$ (1,286,180)</u>

The Accompanying Notes are an Integral Part of These Statements

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

COMPARATIVE STATEMENT OF CASH FLOWS
PROPRIETARY FUND - continued
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ <u>229,739</u>	\$ <u>845,990</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (including \$1,074,585 and \$696,129 in restricted cash for 1998 and 1997, respectively)	<u>1,763,268</u>	<u>917,278</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (including \$1,378,696 and \$1,074,585 in restricted cash for 1998 and 1997, respectively)	\$ <u>1,993,007</u>	\$ <u>1,763,268</u>

The Accompanying Notes are an Integral Part of These Statements

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - Lafayette Regional Airport is a municipally-owned, non-hub airport located on U. S. Highway 90 East in the City of Lafayette. The Airport provides passenger service through three regional carriers and one national carrier. The major source of revenue for the Airport is rentals on buildings, hangars, land, and terminal space.

The Airport is governed by a seven member, non-elected commission. Five members are appointed by the Lafayette Consolidated Government, one member is appointed by the Parish President, and one member is appointed by the mayors of the various municipalities surrounding Lafayette. The Airport is a component unit of the Consolidated Government of Lafayette, Louisiana.

The financial statements of Lafayette Regional Airport have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Fund Accounting - The accounts of the Lafayette Regional Airport are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures. The following funds and groups of accounts are presented in this report:

Governmental Fund Type

General Fund - These funds are used to account for resources traditionally associated with governments which are not required legally or by sound financial management to be accounted for in another fund. The Airport reports its property tax activity in the General Fund.

Proprietary Fund Type

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The government applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. Proprietary funds include the following fund type:

Enterprise Fund - This type of fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of operating and maintaining the airport facilities on a continuing basis are financed through user charges.

Measurement Focus/Basis of Accounting - Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS - continued

DECEMBER 31, 1998

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Focus/Basis of Accounting - continued

The governmental fund type uses a financial resources measurement focus and is accounted for using the modified accrual basis of accounting. Its revenues are recognized when susceptible to accrual (i.e., when they become measurable and available as net current assets.) Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable.

The proprietary fund type is accounted for on a cost of service measurement focus using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

Budgets and Budgetary Accounting - The Lafayette Regional Airport is required to adopt annual budgets for each fund. Each budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles ("GAAP").

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

The budget is formally adopted by the commission prior to the beginning of the fiscal year, and notices of its completion and availability are published. After its adoption, adjustments to the budget must be approved by resolution. All appropriations lapse at the end of the fiscal year.

Property and Equipment - Depreciation of all exhaustible fixed assets used by the Enterprise Fund is charged as an expense against operations. Accumulated depreciation is reported on the Enterprise Fund Balance Sheet. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of fixed assets are as follows:

	<u>Years</u>
Hangars and Buildings	10 - 30
Runways and Navigation Aids	10 - 20
Service Roads and Parking	10 - 20
Other Permanent Improvements	10 - 20
Equipment	3 - 10
Lease Purchase Equipment	5

Depreciation on fixed assets acquired by grants restricted for capital acquisition and construction is accounted for as a reduction of contributed capital.

Land and other capital improvements acquired by the Airport prior to October 31, 1971, are stated at replacement cost as of that date, as historical cost information was not maintained prior to this time. Land acquisitions which occurred prior to October 31, 1971, are stated at an estimated replacement cost of \$4,864,600, which approximates \$2,600 per acre. All capital improvements acquired prior to this date are fully depreciated, and, as such, have no remaining book value at the balance sheet dates. All subsequent asset purchases are stated at cost.

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS - continued

DECEMBER 31, 1998

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property and Equipment - continued

No asset values have been recorded for various improvements constructed by tenants at their own expense, which improvements will revert to the Airport at the expiration of the applicable leases.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid items.

Restricted Assets - Certain proceeds of Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Balance Sheet because their use is limited by applicable bond covenants. Also, proceeds from grant awards are classified as restricted assets on the Balance Sheet because their use is limited to capital acquisition and construction. The Airport records the liability for acting as trustee for security and bid deposits and follows the practice of segregating deposit monies as restricted assets. All deposit refunds are made from deposit funds.

Compensated Absences - Employees of the Airport earn annual leave in amounts from 8 to 12 hours per month based on years of service. Annual leave may be carried forward provided the amount carried forward does not exceed two years of an employee's earned annual leave. Unused annual leave (in excess of what can be carried forward) shall be used or surrendered. Upon termination, employees are paid for all accumulated annual leave. This policy resulted in an accrual for compensated absences of \$36,305 and \$33,851 at December 31, 1998 and 1997, respectively.

Sick leave is credited to all classified employees at the rate of 8 hours per month. All unused sick leave is carried forward from year to year. No payments are due for such accumulated sick leave upon termination or retirement. Therefore, no liability has been accrued in these financial statements.

Comparative Data - Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Airport's financial position and operations.

Total Columns on Combined Statements - Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, the Airport considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS - continued

DECEMBER 31, 1998

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(B) CASH AND INVESTMENTS

State laws authorize the government to invest in obligations of the U.S. Treasury, obligations guaranteed by the United States or any agency thereof, and bonds of this state or any subdivision of this state.

All bank balances of deposits as of the Balance Sheet date are entirely insured or collateralized with pledged securities held by the bank.

At December 31, 1998, the Airport had investments in discounted notes issued by U.S. Government Agencies. Such discounts are recognized the period in which they are realized as the amounts involved are immaterial to the basic financial statements.

There are three categories of credit risk that apply to the government's cash and investments:

1. Insured or registered or for which the securities are held by the government or the government's agent in the government's name
2. Uninsured and unregistered for which the securities are held by the bank's trust department or the government's agent in the government's name
3. Uninsured and unregistered for which the securities are held by the bank. However, the bank is required under state law to sell pledged securities within ten days to cover all deposits and accrued interest.

Balances held in each category are as follows:

	Categories			Carrying Amount	Market Value
	1	2	3		
U.S. government securities -					
Restricted	\$34,732	\$ -	\$ -	\$ 34,732	\$ 35,496
Certificates of Deposit	-	-	1,100,000	1,100,000	1,100,000
	<u>\$34,262</u>	<u>\$ -</u>	<u>\$1,100,000</u>	<u>\$1,134,732</u>	<u>\$1,135,496</u>

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS - continued

DECEMBER 31, 1998

(B) CASH AND INVESTMENTS - continued

Cash included in the Statement of Cash Flows at December 31 is as follows:

	<u>1998</u>	<u>1997</u>
Petty Cash	\$ 700	\$ 200
Operating Account	522,647	620,497
Health Benefit Account	90,964	67,986
PFC Account	1,160,997	983,940
Security Deposit Account	21,591	20,824
Sinking Fund	28,461	29,348
GADF Account	<u>167,647</u>	<u>40,473</u>
Cash per Statement of Cash Flows	<u>\$1,993,007</u>	<u>\$1,763,268</u>

(C) AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Parish Government in early fall and are actually billed to the taxpayers by the Assessor in October or November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

The taxes are based on assessed values determined by the Tax Assessor of Lafayette Parish and are collected by the Lafayette Parish Sheriff. The taxes are remitted to the Airport net of a deduction for Assessor's Pension Fund contributions.

That portion of the ad valorem taxes dedicated to operations and maintenance of the Airport was assessed to property owners in Lafayette Parish at 1.46 mills for 1998 and for 1997. On July 18, 1992, voters of Lafayette Parish approved renewal of the ad valorem tax through expiration of the tax in 2002.

(D) PASSENGER FACILITY CHARGE

During the 1995 fiscal year, the Airport submitted an application to the Federal Aviation Administration (FAA) to impose a Passenger Facility Charge (PFC) at the Lafayette Regional Airport. The FAA approved the collection and use of PFC revenues for specific projects commencing September 1, 1995. Under the terms of the agreement with the FAA, the Airport is allowed to charge a \$3 PFC per passenger, less an 8¢ collection charge from the airline, to generate net cumulative revenues of \$1,646,300. The FAA anticipates a forty-nine month duration for PFC collections to reach this level, and as a result, has set expiration for collection of the charge at October 1, 1999.

The use of these revenues are restricted by FAA for specific approved projects in the amount of \$1,031,900. Additional projects to be funded by uncommitted PFC revenues will require FAA approval. The Airport has reserved a portion of its retained earnings for undisbursed PFC revenues. Through December 31, 1998, the Airport used \$571,245 of PFC funds to reimburse costs associated with development, coordination and implementation of the PFC program. PFC revenues available to fund the specific projects were \$1,712,925 and \$1,192,208 at December 31, 1998 and 1997, respectively. This amount is shown on the face of the Combined Balance Sheet as Reserved Retained Earnings.

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS - continued

DECEMBER 31, 1998

(E) GRANT FUNDS RECEIVABLE

The Airport is in the process of performing various airfield improvement projects with the assistance of federal and state funds. Grant funds receivable at December 31, 1998 and 1997 consisted of the following:

	1998	1997
LA DOTD 716-28-0001	\$399,954	\$137,996
LA DOTD 928-01-0023	7,378	-
LA DOTD 928-01-0013,14,15,16,17	5,623	9,559
AIP Project 15	-	-
AIP Project 16	-	-
AIP Project 17	698	86,031
AIP Project 18	<u>66,404</u>	<u>-</u>
	<u>\$480,057</u>	<u>\$233,586</u>

(F) RESTRICTED ASSETS

Proprietary Fund assets required to be held and/or used as specified in bond resolutions, grant agreements, or other contractual agreements have been reported as Restricted Assets. Restricted Assets at December 31, 1998 and 1997, consisted of the following:

December 31, 1998

	Cash	Investments	Accrued Interest Receivable	Totals
Sinking Funds	\$ 28,461	\$34,732	\$5,002	\$68,195
Grant Funds	167,647	-	-	167,647
Security Deposits	21,591	-	-	21,591
PFC Accounts	<u>1,160,997</u>	<u>-</u>	<u>-</u>	<u>1,160,997</u>
Totals	<u>\$1,378,696</u>	<u>\$34,732</u>	<u>\$5,002</u>	<u>\$1,418,430</u>

December 31, 1997

	Cash	Investments	Accrued Interest Receivable	Totals
Sinking Funds	\$ 29,348	\$34,262	\$767	\$ 64,377
Grant Funds	40,473	-	-	40,473
Security Deposits	20,824	-	-	20,824
PFC Accounts	<u>983,940</u>	<u>-</u>	<u>-</u>	<u>983,940</u>
Totals	<u>\$1,074,585</u>	<u>\$34,262</u>	<u>\$767</u>	<u>\$1,109,614</u>

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS - continued

DECEMBER 31, 1998

(G) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at December 31, 1998 and 1997:

	1998	1997
Hangars and Buildings	\$ 14,475,792	\$ 14,475,792
Runways and Navigation Aids	27,952,296	27,952,296
Service Roads and Parking	2,374,233	2,374,233
Other Permanent Improvements	9,255,945	8,890,191
Equipment	2,846,812	2,771,519
Furniture and Fixtures	1,352,512	1,347,112
	58,257,590	57,811,143
Less: Accumulated Depreciation and Amortization	(37,684,197)	(35,800,281)
	20,573,393	22,010,862
Land	5,521,116	5,521,116
Construction Work in Progress	5,039,008	954,986
Net Property and Equipment	\$ 31,133,517	\$ 28,486,964

Property and equipment include equipment acquired under a capital lease of \$1,578,937 at December 31, 1998 and 1997. Accumulated depreciation on leased equipment that is included in accumulated depreciation is \$916,438 and \$891,504 at December 31, 1998 and 1997, respectively.

(H) LONG-TERM DEBT

The Airport issued certificates of indebtedness and notes payable to provide funds for the construction of major capital facilities.

Certificates of Indebtedness secured by a pledge of lease agreements between the Commission and individual tenants for whom facilities were constructed are comprised of the following individual issues at December 31, 1998:

10% Certificate of Indebtedness, issued April 30, 1992, in the amount of \$305,000 for the State of Louisiana through the State Board of Education and the Lafayette Regional Technical Institute to refund 8% Certificates of Indebtedness on Chart House, Inc. Hanger #1, due in monthly installments of \$5,000 including interest payments, final maturity November 1, 2000

\$100,126

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS - continued

DECEMBER 31, 1998

(H) LONG-TERM DEBT - continued

Certificates of indebtedness secured by a pledge of net revenues excluding certain provisions as detailed in the debt indenture are comprised of the following individual issues at December 31, 1998:

7.95% Certificates of Indebtedness, issued June 1, 1991, in the original amount of \$2,400,000 for renovation of the Airport's Terminal Building, due in annual installments of \$170,000 to \$320,000 plus semi-annual interest payments, final maturity May 1, 2000	620,000
Less unamortized issue discount	<u>(977)</u>
	<u>619,023</u>
Total certificates outstanding, net of unamortized discount	<u>\$719,149</u>

The annual requirements to amortize all debts outstanding at December 31, 1998, including interest payments of \$63,669, are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Certificates</u> <u>of</u> <u>Indebtedness</u>
1999	\$400,314
2000	<u>383,481</u>
	<u>\$783,795</u>

(I) CAPITAL LEASES

The Airport entered into a lease agreement during 1993 for the construction of an above ground fuel farm. The lease is for a noncancellable term of ten years without renewable options. The lease has been recorded as a capital lease in accordance with Financial Accounting Standards Board Statement No. 13.

The following is a schedule, by years, of the future minimum lease payments under the capital lease and the present value of the net minimum lease payments as of December 31, 1997:

1999	\$ 112,996
2000	112,996
2001	112,996
2002	112,996
2003	<u>28,249</u>
Total minimum lease payments	480,233
Less amounts representing interest	<u>(76,602)</u>
Present value of net minimum lease payments	<u>\$ 403,631</u>

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS - continued

DECEMBER 31, 1998

(J) DEFINED BENEFIT PENSION PLAN

All full-time employees of Lafayette Regional Airport participate in the Parochial Employees' Retirement System (PERS) of Louisiana, a multiple-employer, cost-sharing public employee retirement system. The payroll for Airport employees covered by the System for the year ended December 31, 1998, was \$404,920; the total Airport payroll was \$435,906.

All full-time Airport employees who work at least 28 hours a week and are under 60 years of age are members of the plan. Airport commissioners may enroll at their option. Members of the plan may retire with thirty years of creditable service regardless of age, with twenty-five years of service at age 55, and with ten years of service at age 60.

Benefit rates are one percent of final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) plus \$2.00 per month for each year of service credited prior to January 1, 1980, and three percent of final compensation for each year of service after January 1, 1980.

The System also provides disability and survivor benefits. Benefits are established by State statute.

Covered employees are required to contribute 9.5 percent of their earnings to the plan. The Airport contributed 7.75 percent to the plan. The total contribution for the year was \$66,443, which consisted of \$31,623 from the Airport and \$34,820 from its employees. Contributions are also established by State statute.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers.

(K) RISK FINANCING - EMPLOYEE HEALTH INSURANCE

The Airport has elected to partially self-insure its employee health insurance plan. The Airport has purchased coverage from an outside firm for all health insurance claims above \$70,000 during a year. For all accumulated claims in a year below this amount, the Airport administers its own claims and provides funding for this administration. The Airport records the activity for health insurance within its proprietary fund. No separate fund has been established for claims administration. The Airport estimates the liability for unpaid claims based upon actual unpaid costs received and expected to be paid. As of December 31, 1998 and 1997, there were no material unpaid claims.

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS - continued

DECEMBER 31, 1998

(L) OPERATING LEASES

The Airport leases buildings, hangars, land and terminal space to a number of tenants. Due to the nature of those leases, they are all classified as operating leases. The following is a schedule by years of minimum future rentals on noncancellable operating leases as of December 31, 1998:

Year Ending <u>December 31</u>	
1999	\$1,296,549
2000	1,192,084
2001	1,102,773
2002	882,284
2003	724,317
Thereafter	<u>1,900,435</u>
Total Minimum Future Rentals	<u>\$7,098,442</u>

Certain rentals included above relate to tenants with scheduled annual CPI adjustments. Those annual adjustments could not be determined. Therefore, the 1999 rents were used for all years.

(M) YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

Lafayette Regional Airport has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting daily operations. Based on this inventory, the Airport is in the remediation stage for the financial reporting systems as of December 31, 1998. Testing and validation of the systems will need to be completed to determine the compliance of the hardware and software currently in use.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Airport is or will be Year 2000 ready, that the Airport's remediation efforts will be successful in whole or in part, or that parties with whom the Airport does business will be year 2000 ready.

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

GENERAL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 1998 AND 1997

	1998	1997
ASSETS		
Ad Valorem Tax Receivable	\$311,434	\$255,882
Due From Lafayette Parish Sheriff's Office	<u>370,367</u>	<u>446,129</u>
TOTAL ASSETS	<u>\$681,801</u>	<u>\$702,011</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Deferred Tax Revenue	\$ 41,453	\$ 47,915
Due to Proprietary Fund	<u>640,348</u>	<u>654,096</u>
TOTAL LIABILITIES	681,801	702,011
FUND BALANCE	-	-
TOTAL LIABILITIES AND FUND BALANCE	<u>\$681,801</u>	<u>\$702,011</u>

The Accompanying Notes are an Integral Part of These Statements

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

ENTERPRISE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 1998 AND 1997

	1998	1997
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,775,308	\$ 1,672,623
Investments	1,100,000	900,000
Accounts Receivable	161,696	169,831
Other Receivables	15,015	35,850
Due From Property Tax Fund	640,348	654,096
Passenger Facility Charge Receivable	-	47,964
Grant Funds Receivable	480,057	233,586
Prepays	<u>46,482</u>	<u>49,440</u>
Total Current Assets	<u>4,218,906</u>	<u>3,763,390</u>
RESTRICTED ASSETS		
Cash		
Sinking Funds	28,461	29,348
Grant Funds	167,647	40,473
Security Deposits	21,591	20,824
Investments		
Sinking Funds	34,732	34,262
Accrued Interest Receivable	<u>5,002</u>	<u>767</u>
Total Restricted Assets	<u>257,433</u>	<u>125,674</u>
PROPERTY AND EQUIPMENT		
Property and Equipment	63,778,706	63,332,259
Construction in Progress	<u>5,039,008</u>	<u>954,986</u>
	68,817,714	64,287,245
Less: Accumulated Depreciation	<u>(37,684,197)</u>	<u>(35,800,281)</u>
Net Property and Equipment	<u>31,133,517</u>	<u>28,486,964</u>
OTHER ASSETS		
Deposits	2,497	2,497
Unamortized Debt Expense	<u>7,041</u>	<u>15,320</u>
Total Other Assets	<u>9,538</u>	<u>17,817</u>
TOTAL ASSETS	<u>\$ 35,619,394</u>	<u>\$ 32,393,845</u>

The Accompanying Notes are an Integral Part of These Statements

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

ENTERPRISE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 1998 AND 1997

	1998	1997
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 851,743	\$ 265,816
Accrued Expenses	48,997	47,176
Assessor's Pension Payable	-	25,933
Current Portion of Capital Lease Obligation	83,840	77,028
Total Current Liabilities	984,580	415,953
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Construction Contracts Payable	-	-
Security Deposits	13,644	20,646
Advances From State	-	-
Accrued Interest Payable	10,738	17,741
Current Portion of Certificates of Indebtedness	347,780	326,990
Total Current Liabilities Payable From Restricted Assets	372,162	365,377
NON-CURRENT LIABILITIES		
Certificates of Indebtedness (Net of Unamortized Discount)	371,369	722,114
Capital Lease Obligation	319,791	404,213
Accrued Compensated Absences	36,305	33,851
Total Non-Current Liabilities	727,465	1,160,178
TOTAL LIABILITIES	2,084,207	1,941,508
FUND EQUITY		
Contributed Capital	21,195,734	19,513,227
Retained Earnings		
Reserved for PFC Projects	1,712,925	1,192,208
Unreserved	10,626,528	9,746,902
TOTAL FUND EQUITY	33,535,187	30,452,337
TOTAL LIABILITIES AND FUND EQUITY	\$35,619,394	\$32,393,845

The Accompanying Notes are an Integral Part of These Statements

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

SCHEDULES OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1998
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 1997

	<u>Administrative</u>	<u>General Maintenance</u>
SALARIES AND COSTS OF EMPLOYMENT		
Salaries	\$ 217,407	\$ 218,499
Vacation Pay	829	1,361
Payroll Taxes	4,744	-
Group Insurance	38,171	49,184
Retirement Contributions	15,717	15,906
Accrued Compensation Time	<u>407</u>	<u>(143)</u>
Total Personal Services	<u>\$ 277,275</u>	<u>\$ 284,807</u>
SUPPLIES		
Office supplies	\$ 26,473	\$ -
Operating Supplies	<u>-</u>	<u>-</u>
Total Supplies	<u>\$ 26,473</u>	<u>\$ -</u>
OTHER SERVICES AND CHARGES		
Advertising	\$ 14,662	\$ -
Dues and Publications	5,691	-
Fuel and Oil	1,403	3,667
Fly Lafayette Campaign	36,998	-
Insurance	41,474	40,259
Miscellaneous	2,032	89
Terminal Building Equipment Contract	-	-
Year 2000 Expenses	2,430	-
Professional Fees	119,437	-
PFC Tax Costs	-	-
Repairs and Maintenance	2,078	274,635
Telephone	7,119	14,131
Training	7,238	-
Travel	10,707	-
Public Relations	21,567	-
Uniforms	8	4,113
Utilities	57,429	112,315
Obstruction Clearing	-	30,685
Contracted Services		
Janitorial	-	-
ARFF Services	-	-
Security	-	-
Parking Lot Management	-	-
ID Card System	-	-
Fuel Tank Maintenance Plan	<u>-</u>	<u>12,482</u>
Total Other Services and Charges	<u>\$ 330,273</u>	<u>\$ 492,376</u>

The Accompanying Notes are an Integral Part of These Statements

<u>Contractual Services</u>	<u>Totals</u>	
	<u>1998</u>	<u>1997</u>
\$ -	\$ 435,906	\$ 416,561
-	2,190	(538)
-	4,744	3,573
-	87,355	57,503
-	31,623	30,889
-	264	(114)
<u>\$ -</u>	<u>\$ 562,082</u>	<u>\$ 507,874</u>
\$ -	\$ 26,473	\$ 20,999
-	-	350
<u>-</u>	<u>\$ 26,473</u>	<u>\$ 21,349</u>
\$ -	\$ 14,662	\$ 9,761
-	5,691	7,299
-	5,070	9,369
-	36,998	29,872
-	81,733	75,902
-	2,121	2,850
24,448	24,448	25,186
-	2,430	-
-	119,437	98,004
-	-	-
33,900	310,613	383,441
-	21,250	25,365
-	7,238	1,072
-	10,707	17,316
-	21,567	26,314
-	4,121	4,783
-	169,744	181,794
-	30,685	27,550
92,400	92,400	86,100
444,157	444,157	383,679
284,191	284,191	235,860
177,061	177,061	161,670
-	-	2,489
<u>-</u>	<u>12,482</u>	<u>11,165</u>
<u>\$1,056,157</u>	<u>\$1,878,806</u>	<u>\$1,806,841</u>

The Accompanying Notes are an Integral Part of These Statements

LAFAYETTE REGIONAL AIRPORT
 A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 1998

<u>FEDERAL GRANTOR</u> <u>PROGRAM TITLE</u>	<u>FEDERAL</u> <u>CFDA</u> <u>NUMBER</u>	<u>AGENCY</u> <u>NUMBER</u>	<u>GRANT</u> <u>NUMBER</u>	<u>FEDERAL</u> <u>EXPENDITURES</u>
U.S. Department of Transportation Federal Aviation Administration Airport Improvement Projects	20.106	N/A	17	\$895,583
			18	<u>66,404</u>
				<u>\$961,987</u>

NOTE: The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA
SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED

FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>PFC Revenue Collected</u>	<u>Interest Earned</u>	<u>Expenditures on Approved PFC Projects</u>	<u>PFC Balance</u>
Beginning Balances	\$1,114,244	\$ 32,291	\$ 162,596	\$ 983,939
First Quarter	117,542	20,772	-	138,314
Second Quarter	161,981	23,169	-	185,150
Third Quarter	143,935	10,998	-	154,933
Fourth Quarter	<u>93,961</u>	<u>13,348</u>	<u>408,649</u>	<u>(301,340)</u>
ENDING BALANCES	<u>\$1,631,663</u>	<u>\$100,578</u>	<u>\$571,245</u>	<u>\$1,160,996</u>

The Accompanying Note is an Integral Part of This Statement

WRIGHT, MOORE, DeHART, DUPUIS & HUTCHINSON

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Lafayette Airport Commission
Lafayette, Louisiana

We have audited the general purpose financial statements and the individual fund financial statements of Lafayette Regional Airport, A Component Unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated March 8, 1999. We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the draft of the Passenger Facility Charge Program Audit Compliance Guide, and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide.

Compliance

As part of obtaining reasonable assurance about whether Lafayette Regional Airport's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lafayette Regional Airport's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

WMDDH

This report is intended for the information of management and the Board of Commissioners of Lafayette Regional Airport, the Legislative Auditor of the State of Louisiana and the Federal Aviation Administration. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
Dupuis, & Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON
Lafayette, Louisiana

March 8, 1999

WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
Lafayette Regional Airport
Lafayette Parish, Louisiana

We have audited the compliance of the Lafayette Regional Airport, a component unit of the Consolidated Government of Lafayette, Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 1998. Lafayette Regional Airport's major federal program is identified in the accompanying Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Lafayette Regional Airport's management. Our responsibility is to express an opinion on Lafayette Regional Airport's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the provisions of Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations, and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lafayette Regional Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lafayette Regional Airport's compliance with those requirements.

In our opinion, Lafayette Regional Airport complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1998.

Internal Control Over Compliance

The management of Lafayette Regional Airport is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lafayette Regional Airport's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

WMDDH

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management and Board of Commissioners of the Lafayette Regional Airport, the Legislative Auditor of the State of Louisiana, and the federal awarding agency. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
Dupuis, & Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON
Certified Public Accountants

March 8, 1999

LAFAYETTE REGIONAL AIRPORT
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 1998

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a qualified opinion on the financial statements of the Lafayette Regional Airport, a component unit of the Consolidated Government of Lafayette, Louisiana.
2. No instances of noncompliance material to the financial statements of the Lafayette Regional Airport were disclosed during the audit.
3. The auditors' report on compliance for the major federal award programs for the Lafayette Regional Airport expresses an unqualified opinion.
4. The program tested as a major program included: DOT/FFA-Airport Improvements Projects; CFDA #20.106.
5. The threshold for distinguishing Types A and B programs was \$300,000.
6. The Lafayette Regional Airport was determined to be a low-risk auditee.